THE

Market Administrator's BULLETIN

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Output of Dairy Products Up; Consumption from Commercial Sources Down

The Dairy Situation, Economic Research Service, USDA, August 1961

In the first seven months of this year, substantially more milk has been available for the manufacture of dairy products than a year earlier. During this period, milk production increased by .8 billion pounds, while the quantity of milk utilized in fluid milk products was significantly smaller. The output of all major dairy products was larger except for ice cream, which declined 1 percent. As expected, production increases were concentrated in the price-supported commodities, butter, Cheddar Cheese, and nonfat dry milk. American cheese production was up 14 percent, butter up 5 percent, and nonfat dry milk up 4 percent. While output of most dairy products was up, the consumption of manufactured dairy products from commercial sources in the aggregate has been running much below the level of 1960. Most of the reduction in consumption has been in butter. On the other hand, more cheese was consumed.

The per capita consumption of creamery butter from commercial sources declined from 8.7 to 7.2 pounds between 1950 and 1952, remained on a plateau for the next five years and then moved down from 7.3 pounds in 1957 to 6.7 pounds last year. Per capita consumption of butter from commercial sources will decline substantially this year. Use of farm-churned butter has dwindled from 3.6 pounds in the early 1930's to 1.5 pounds in 1950 and .4 pounds last year. Even though the commercial demand for butter was lower in the first part of 1961, total consumption appears to have been maintained by substantially larger distributions from CCC stocks to school lunch and welfare outlets.

Consumption of cheese in commercial outlets is running substantially above last year, reflecting some further strengthening in consumer demand. The increased demand for cheese in recent years is partially the result of higher prices for red meat. Distributions of CCC cheese to the School Lunch Program have been substantially lower than a year ago, because only .2 million pounds of cheese was offered to the CCC in the entire 1960-61 marketing year. As a result, donations thus far have been limited to quantities in pipeline only. However, recent CCC purchases of cheese will permit larger distributions in the second half of the year.

For the second year in a row, total ice cream consumption was running lower than the year before. From 1951 to 1959, ice cream use had increased in each year except 1954. Evaporated milk continued its downtrend which began in 1950. On a per capita basis the total consumption of all dairy products, including fluid items, may be equivalent to less than 650 pounds of milk in 1961.

In terms of milk equivalent, manufacturers' stocks of dairy products built up to 6.7 billion pounds on June 30 from 4.3 billion pounds on January 1, an increase of 2.4 billion pounds, as compared with last year's January-June accumulation of only 1.7 billion pounds. In addition to the sharper upturn in commercial inventories this year, CCC purchases of dairy products in the first seven months have been

(Continued on Back Page)

SOUTH CENTRAL REGION SHOWS GREATEST DECLINE IN MILK COW NUMBERS

The Dairy Situation, Economic Research Service, USDA, August 1961

Changes in the number of milk cows have shown considerable variation by regions and States, largely because changes in the demand for milk have not been uniform in all parts of the country and because of differences in the availability and attractiveness of alternatives to dairy farmers. Over the last decade, sharpest reductions in numbers have occured in the South Central Region. Grasslands and other farm resources formerly used to produce milk have been shifted into the production of beef cattle on a much larger scale than in other regions.

Shifting to beef has also been pronounced in most of the States in the West North Central Region, with the exception of Minnesota. Here, especially in the northern plains, farmers have also been confronted with an unusually steep decline in the demand for milk. Although they still sell the bulk of their milk as farm-separated cream for use in butter-making, the demand in this form has been decreasing more rapidly than the demand for whole milk.

On the other hand lack of more attractive farm alternatives in the North Atlantic Region and a rapidly growing population in the West limited declines in milk cow numbers in these regions to only 4 and 5 percent, respectively, compared with the 19 percent decline for the United States as a whole.

Columbus Market Facts

MARKET FACTS FOR EASY REFERENCE

	Oct. 1961	Sept. 1961	Oct. 1960
PRICE SUMMARY			
Producers' Uniform Price (3.5%)	$4.79	$4.86	$4.84
Producers' Uniform Price (4%)	5.17	5.255	5.22
Class I (3.5%)	4.503	4.684	4.502
Class II (3.5%)	4.103	4.284	4.102
Class III (3.5%)	3.881	3.926	3.913
Class IV (3.5%)	3.255	3.253	3.100
Producer Butterfat Differential for each one-tenth percent	7.6¢	7.9¢	7.6¢
UTILIZATION SUMMARY			
Percent of Producer Milk in Class I	82.8	83.0	86.1
Percent of Producer Butterfat in Class I	79.9	83.7	83.3
Percent of Producer Milk in Class II	7.1	8.9	7.9
Percent of Producer Butterfat in Class II	2.4	2.6	2.3
Percent of Producer Milk in Class III	2.8	3.8	1.6
Percent of Producer Butterfat in Class III	4.1	5.8	2.7
Percent of Producer Milk in Class IV	7.3	4.3	4.4
Percent of Producer Butterfat in Class IV	13.6	7.9	11.7
PRODUCTION SUMMARY			
Total Pounds of Producer Milk Delivered	29,631,204	27,490,420	27,938,777
Average Daily Class I Producer Milk	791,214	760,303	776,238
Total Number of Producers	1,234	1,229	1,588
Average Daily Production per Producer	775	746	568
Average Butterfat Test	3.76	3.58	3.80
Total Value of Producers Milk at Test	$1,346,447.24	$1,266,428.46	$1,287,779.60
Income per Producer (7 day average)	$246.38	$240.44	$183.12
GROSS CLASS USE (Pounds)			
Class I Skim	23,646,185	21,988,066	23,178,852
Class I Butterfat	888,981	823,863	884,525
Class I Milk	24,535,166	22,811,929	24,063,377
Class II Skim	2,213,555	2,515,175	2,238,913
Class II Butterfat	26,924	25,575	24,261
Class II Milk	2,240,479	2,540,750	2,263,174
AVERAGE DAILY SALES (Quarts)			
Milk	304,519	302,372	304,078
Buttermilk	4,759	5,556	5,049
Chocolate	18,934	17,744	17,855
Skim	9,388	12,496	11,651
Cream	8,669	8,558	8,951

COMPARATIVE STATISTICS ★ COLUMBUS MARKETING AREA ★ OCT. 1952 - 61

Year	Receipts from Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1952......	17,480,900	4.14	84.6	13.4	1.8	——	5.22	5.292	4.892	3.843	——	2,200	256
1953......	20,252,601	4.04	83.5	13.5	3.0	——	4.78	4.862	4.462	3.562	——	2,234	292
1954......	21,943,122	3.96	81.8	8.1	6.1	4.0	4.42	4.558	4.158	4.158	3.222	2,186	324
1955......	23,391,897	3.90	80.6	8.0	7.3	4.1	4.40	4.516	4.116	4.116	3.18	2,091	361
1956......	23,321,443	3.81	82.7	8.6	4.7	4.0	4.47	4.607	4.207	4.207	3.271	2,020	388
1957......	25,608,115	3.79	82.3	6.9	4.6	6.2	4.34	4.519	4.119	4.019	3.096	1,887	438
1958......	24,738,205	3.77	85.7	8.3	1.7	4.3	4.30	4.420	4.020	3.920	2.894	1,746	457
1959......	26,207,693	3.86	92.0	5.9	1.0	1.1	5.11	4.697	4.297	3.865	3.116	1,727	490
1960......	27,938,777	3.80	86.1	7.9	1.6	4.4	4.84	4.502	4.102	3.913	3.100	1,588	568
1961......	29,631,204	3.76	82.8	7.1	2.8	7.3	4.79	4.503	4.103	3.881	3.255	1,234	775

U. S. BUTTER EXPORTS MAY INCREASE IN 1962

The Dairy Situation, Economic Research Service, USDA, November 1961

In recent years, nearly all of the United States' exports of dairy products have been financed in whole or in part by the Government, and the bulk of them have been donated under the Food for Peace Program. Authority for the donation of surplus agricultural products domestically and to foreign countries is contained in Section 416 of the Agricultural Act of 1949. However, the Act did not authorize the expenditures of funds for processing, repackaging and transporting of supplies to be donated. A provision for this, however, was embodied in an amendment to Section 416 by Title III Public Law 480 which was passed in 1954.

As a result of Title III, overseas donations of butter, cheese, and nonfat dry milk expanded rapidly, beginning in 1954, from the unusually large stocks acquired by the CCC in 1953 and 1954 under the price support program. Large quantities of cheese were donated annually in 1955-58, and large quantities of butter in 1955-56. Nonfat dry milk donations have continued large in each year since 1954.

The volume of donations for export has varied largely in line with the balance between supplies and domestic utilization and export sales. In the last three calendar years, including 1961, foreign donations have been confined to nonfat dry milk; this reflected a substantial reduction in quantities of butter and cheese offered to the Government for price support. However, relatively small quantities of butter and cheese were exported under other Government programs for dollars, for foreign currencies, and for barter. The sharp increase in CCC stocks of butter in 1961, together with the prospect for further accumulations from the continued large purchases in prospect for 1962, suggests that next year substantial quantities of butter will be available for movement abroad under Government programs. On September 28, 1961, butter was made available for barter.

SORGHUM PRODUCTION DOWN 21%; SUPPLY ONLY SLIGHTLY SMALLER

The Feed Situation, Economic Research Service USDA, September 1961

Heavy participation in the 1961 Feed Grain Program resulted in a 26 percent reduction in the total acreage planted to sorghums. The 1961 crop was estimated in September at 480 million bushels, 21 percent below the big crop of last year. Smaller production , however, will be largely offset by larger carryover into 1961-62. The total supply of sorghum grain for 1961-62 is estimated at 1,180 million bushels, only 1 percent smaller than in 1960-61. The big crops in recent years have consistantly exceeded domestic consumption and exports. The carryover has increased sharply and is expected to total about 700 million bushels this October 1, Even though consumption may be smaller in 1961-62, production will be more in balance with requirements than in other recent years.

FEED CONCENTRATE SUPPLY DOWN THREE PERCENT

The Feed Situation, Economic Research Service USDA, September 1961

The total supply of feed grains and other concentrates for 1961-62 are estimated at 252 million tons, 7 million tons or 3 percent below the record supply in 1960-61. The reduction this year follows 8 years of steadily increasing supplies. The 1961-62 supply is larger than supplies in any year prior to 1960 and is 18 percent above the 1955-59 average. With a small increase in grain-consuming livestock in prospect, the supply of 1.49 tons per animal unit is 4 percent less than last year.

Smaller feed concentrate supplies and higher feed prices probably will result in some reduction in the feeding rate per animal unit in 1961-62. During the last 5 years, increasing feed grain production and declining feed prices have been accompanied by liberal feeding per animal. The feeding rate rose from .74 ton per animal unit in 1956-67 to .90 ton in 1960-61 or an increase of 22 percent during the 4 years. If the feeding rate in 1961-62 is near the average of the past 3 years, the total tonnage of all concentrates fed would be near the high level of the past 2 years. This would result in a reduction of around 5 million tons in the feed grain carryover from the 85 million tons carried over into 1961-62.

It takes 1 acre of healthy forest 20 years to grow the lumber for a 5-room frame house.

LARGER OILSEED MEAL SUPPLIES EXPECTED IN 1961-62

The Dairy Situation, Economic Research Service, USDA, August 1961

The 1961 soybean crop was estimated in September at 720 million bushels, the largest of record and 29 percent above the 1960 crop. The October 1 carryover of soybeans is expected to be only about a fourth of the 23 million bushels held on October 1, 1960. This would give a total supply of 725 million bushels, 22 percent above the 3-year average supply of 593 million. Exports are expected to set a new record in 1961-62, up about a fourth from 1960-61. Crushing is likely to be 5 to 10 percent above that of 1960-61, also setting a new record. A crush this size would produce around 10.0 million to 10.5 million tons, compared with 9.5 million tons in 1960-61.

DISPOSITION OF MILK PRODUCED ON FARMS SHIFTS

The Dairy Situation, Economic Research Service, USDA, August 1961

Last year, farmers delivered the equivalent of 91 percent of all their milk to plants and dealers, compared with only 73 percent two decades ago. The exodus of farm families from dairying has reduced the use of milk on farms where produced and the quantity sold by farmers directly to consumers. It has also been accompanied by a dramatic shift from the marketing of farm-separated cream to the marketing of whole milk. Such shifting has also been in response to the increase in the value of solids-not-fat relative to milkfat and the price of animal feeds, and to improvements in the marketing system.

OUTPUT OF DAIRY PRODUCTS

(Continued from Front Page)

equivalent to 5.3 billion pounds of milk, 2.3 billion pounds above a year earlier.

Nearly all the milk fat in excess of commercial requirements in the last marketing year was offered to the CCC in the form of butter, but this year a considerable amount of cheese has also been sold to the Government. Last year, commercial demand for cheese, both by stores and consumers, kept prices above the CCC purchase price, particularly at the end of the year. This resulted in a sharp increase in cheese production and a large buildup in commercial stocks. Prices declined sharply in early 1961. Since the beginning of the market year, market prices have approximated support purchase prices. From April 1, the beginning of the current marketing year, through August 25, CCC purchases have been as follows: Butter, 183 million pounds compared to 82 million pounds a year ago, and cheese, 51 million pounds compared to .2 million pounds in 1960-61. Deliveries of nonfat dry milk through July have totaled 676 million pounds, 8 percent greater than a year earlier. Milk production is now declining seasonally, and offerings of dairy products to the Government are likely to be sharply reduced over the next 4 to 5 months. However, with milk production running about 2 percent above a year ago, and with some loss in commercial takings of milk and dairy products, offerings will continue to exceed the small quantities of last year for some weeks to come. In the last 3 weeks, CCC purchases were several times as great as the same period of 1960.

Market Quotations

Oct. 1961

12 MIDWEST CONDENSERIES 3.5% per Cwt.	$3.189
4 CONDENSERIES (Cincinnati) 3.5% per Cwt.	2.8563
4 CONDENSERIES (Tri-State) 3.5% per Cwt.	2.912
Evaporated Milk Code Price, 3.5% per Cwt.	2.908
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Cincinnati)	3.3705
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	3.305
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Dayton)	3.329
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Toledo)	3.203
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Tri-State, North Central O.)	3.203
Average Weekly Cheddars price per lb.	.3525
Average price per lb. non-fat dry milk solids, roller process, delivered in Chicago	.15675
Average price per lb. 92-score butter at Chicago	.60466
Average carlot prices non-fat dry milk solids, roller and spray process, f.o.b. manufacturing plant	.15125

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